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Notification to change Use of System Charges for 2023/24

Dear Tim,

Condition C4 5(a) of National Grid Electricity System Operator (NGESO) Licence requires NGESO to give the Authority 150 days notice of any proposal to change Use of System Charges. This letter gives notice of our intention to change Use of System Charges for the 2023/24 financial year.

We will also update our Statement of Use of System Charges. This includes Application Fees and Charge-Out Rates for applications to connect to and/or use of system.

Transmission Network Use of System Charges

Transmission Network Use of System (TNUoS) tariffs will be amended with effect from 1 April 2023 in accordance with Section 14 of the Connection and Use of System Code (CUSC). Section 14 describes the methodology and principles by which NGESO sets tariffs for TNUoS charges to recover allowed revenue for the electricity Transmission Owners.

The transport model used to calculate TNUoS tariffs will be amended to ensure tariffs reflect:

- Changes in network topography
- Use of the network by demand as advised by Distribution Network Owners and NGESO's own forecasts
- Use of the network by generation as advised by contracted Transmission Entry Capacity and NGESO's own forecasts

The tariff model for TNUoS tariffs will be amended to reflect:

- Latest forecast revenues for onshore Transmission Owners using licence formulae and the Price Control Financial Model Variables determined by the Authority by November 2022.
- Anticipated payments to new and existing Offshore Transmission Owners.
- Payments to Transmission Licensees and Electricity Distribution Licensees under the Strategic Innovation Fund using indicative figures provided by UK Research and Innovation in January 2023.
- Limits on average annual generation charges under the Limiting Regulation¹.

Expected TNUoS tariffs for 2023/24

NGESO published an initial view of TNUoS 2023/24 tariffs in April. These have been updated periodically with the latest forecast published on 31 August 2022.

¹ <https://www.legislation.gov.uk/eur/2010/838/contents> - Commission Regulation (EU) 838/2010, as adopted in UK legislation.

Draft tariffs will be published by the end of November 2022 and final tariffs by 31 January 2023 in line with the CUSC requirements.

Application Fees and Charge-Out Rates

Our Statement of Use of System Charges also details fees and charge-out rates for applications to connect to and/or use of system. NGENSO will update these fees and rates incorporating the latest data from each of the Transmission Owners and adjust for our own updated staff costs and inflation in January 2023.

If you have any questions on any of the above, please do not hesitate to contact me.

Yours sincerely

Nick Everitt

Revenue Manager – Tariff Setting & Change Management